

NATURAL GAS VEHICLE TECHNOLOGY FORUM

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LEGISLATIVE UPDATE

- Energy Bill
- Highway Bill
- Appropriations for FY 2006

ENERGY BILL APPROVED BY CONGRESS

- HR 6: the Energy Policy Act of 2005 is now the “Domenici Barton Energy Policy Act of 2005”
- Passed the House on July 28, 2005
 - by a vote of: 275-156
- Passed the Senate on July 29, 2005
 - by a vote of: 74-26

HIGHWAY BILL APPROVED BY CONGRESS

- HR 3- Transportation Equity Act: A Legacy for Users
- Passed the House on July 29, 2005:
 - by a vote of: 412-8
- Passed the Senate on July 29, 2005:
 - by a vote of: 91-4

NGV TAX INCENTIVES

History and Highlights

- 8 Years in the Making
- Passed 5 times by the House and 4 times by the Senate
- 5 Senate Champions
- 2 House Champions
- Broad Coalition Support

ENERGY BILL PROVISIONS

Tax Incentives

- A Tax Credit to the buyer of a new, dedicated alternative fuel vehicle:
 - 50 percent of the incremental cost of the vehicle
 - plus an additional 30 percent if the vehicle meets certain tighter emission standards.

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ENERGY BILL PROVISIONS

Tax Incentives

- Credits would range from \$2,500 to \$32,000 depending on the size of the vehicle.
- The credit is effective on purchases made after December 31, 2005 and expires on December 31, 2010
- Tax credit goes to the seller if the buyer is a non-tax paying entity

ENERGY BILL PROVISIONS

Tax Incentives

- A Tax Credit Equal to 30% of the cost of Alt fuel refueling equipment
 - Up to \$30,000 in the case of large stations
 - Up to \$1,000 for home refueling appliances
 - The existing \$100,000 tax deduction for refueling property is repealed
 - The credit is effective on purchases made after December 31, 2005 and expires on December 31, 2009

HIGHWAY BILL

Tax Incentives

- A 50 cents excise tax credit is paid to the seller:
 - Per GGE of CNG
 - Per liquid gallon of LNG
- Begins on October 1, 2006 (delayed for budget reasons)
 - Expires on September 30, 2009
- Since this is not an income tax credit, non-profits (e.g., municipalities) benefit

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HIGHWAY BILL

Tax Incentives

- The value of the excise tax credit is *offset* by an increase in the motor fuels excise tax rate for both CNG and LNG.
 - CNG is increased from 4.9 cents per GGE to 18.3 cents
 - LNG is increased from 11.9 cents per LNG gallon to 24.3 cents

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HIGHWAY BILL

Tax Incentives

- Compared to the current situation, the net benefit will be:
 - For CNG: 36.6 cents per GGE
 - For LNG: 63.6 cents per DGE

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HIGHWAY BILL

Tax Incentives

- CNG and LNG will now pay the same rate of tax into the Highway Trust Fund as all other transportation fuels
- The credit will be paid to eligible recipients on a regular basis without regard to the amount of excise tax paid.

ENERGY BILL PROVISIONS

Vehicles and Fuels

- Energy Bill includes the following NGVC Sponsored and/or Supported Provisions that directly affect the NGV Industry:
 - Clean School Bus Legislation
 - A new Clean Cities Pilot Program
 - Two new fleet modernization grant programs
 - Ports and hauling operations
 - State and Local Government Agencies

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ENERGY BILL PROVISIONS

Vehicles and Fuels

- A new Railroad Efficiency Program
- An EPA report on Mobile Emissions Trading and Crediting
- Amendments to EPAct, including:
 - A Comprehensive Review of EPAct
 - An Alternative Compliance Option under EPAct
- GSA incremental cost distribution
- Mandatory Use of Alternative fuel by Federal Fleets
- Extends CAFE credits for AFVs

ENERGY BILL PROVISIONS

Clean School Bus Program

- Establishes a program to provide grants to school districts and related organizations for the replacement, repower or retrofit of school buses.

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ENERGY BILL PROVISIONS

Clean School Bus Program

- Clean School Bus Program Funding Criteria:
 - 50% of the cost of the new bus if the engine emissions
 - For MY2005 and 2006 meet:
 - 1.8 grams NOx plus NMHC and 0.01 PM.
 - For MY2007, 2008 and 2009 meet:
 - 0.2 NOx plus NMHC and 0.01 PM (the 2010 EPA emission standards)

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ENERGY BILL PROVISIONS

Clean School Bus Program

- Clean School Bus Program Funding Criteria:
 - 25% of the cost if the engine emissions:
 - For MY2005 and 2006, meet:
 - 2.5 grams NOx plus NMHC and 0.01 PM.
 - For MY2007, 2008 and 2009, “regulatory requirements” by EPA.
 - This is assumed to mean the phase-in requirement to 2010 which is 1.2 grams NOx plus NMHC and 0.01 PM..

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ENERGY BILL PROVISIONS

Clean School Bus Program

- Other provisions:
 - No state can receive more than 10 percent of the monies made available each year.
- Authorization:
 - \$55 million for FY2006 and 2007
 - “such sums as are necessary” for fiscal years 2008-2010.

APPROPRIATIONS

FY2006 NGV R&D

- For FY 2005, the Administration requested no funds for NGV R&D:
 - Congress Appropriated \$3.2 million
- For FY 2006, the Administration again requested no funds for NGV R&D:
 - House recommended no funds either, but
 - Senate recommended \$12.0 million
- Conference committee is meeting to iron out the differences between the House and Senate proposals.

APPROPRIATIONS

EPA's Clean School Bus USA Program

- For FY 2005, the Administration requested \$65 million
 - Congress Appropriated \$7.5 million
- For FY 2006, the Administration requested \$10 million
 - Congress looks to appropriate \$7 million
- The structure of the Clean School Bus program (in both the Energy and Highway bills) will supercede Clean School Bus USA
- Funding for FY 2007 is promising.

APPROPRIATIONS

Clean Cities FY2006

- For FY 2005, the Administration requested \$6.5 million
 - Congress Appropriated \$10.5 million
- For FY 2006, the Administration requested \$6.5 million
 - House has recommended \$7.0 million
 - Senate has recommended “at least equal to last year’s level

FOR COPIES OF LEGISLATION

Site:

http://energycommerce.house.gov/108/0205_Energy/conference/EnergyConf_report.pdf

<http://www.house.gov/rules/109textTEALU.htm>

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